

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2021 Second Round

November 17, 2021

34320 Fremont Family Apartments, located at 34320 Fremont Boulevard in Fremont, requested and is being recommended for a reservation of \$2,500,000 in annual federal tax credits and \$5,164,451 in total state tax credits to finance the new construction of 53 units of housing serving special needs tenants with rents affordable to households earning 20-60% of area median income (AMI). The project will be developed by Allied Housing Inc. and will be located in Senate District 10 and Assembly District 20.

The project financing includes state funding from the NPLH program of HCD.

Project Number CA-21-073

Project Name 34320 Fremont Family Apartments
Site Address: 34320 Fremont Boulevard
Fremont CA, 94555 County: Alameda
Census Tract: 4414.020

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,500,000	\$5,164,451
Recommended:	\$2,500,000	\$5,164,451

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Applicant Information

Applicant: Allied Housing Inc.
Contact: Louis Chicoine
Address: 40849 Fremont Boulevard
Fremont CA, 94538
Phone: (510) 657-7409
Email: lchicoine@abodeservices.org

General Partner(s) / Principal Owner(s): Allied 34320 Fremont LLC
General Partner Type: Nonprofit
Parent Company(ies): Allied Housing, Inc.
Developer: Allied Housing Inc.
Investor/Consultant: Community Economics, Inc.
Management Agent(s): John Stewart Company

Project Information

Construction Type: New Construction
Total # Residential Buildings: 1
Total # of Units: 54
No. & % of Tax Credit Units: 53 100%
Federal Set-Aside Elected: 40%/60%

Information

Set-Aside: N/A
 Housing Type: Special Needs and Large Family
 Type of Special Needs: Homeless/formerly homeless
 Average Targeted Affordability of Special Needs/SRO Project Units: 38.11%
 % of Special Need Units: 27 units 50.00%
 Geographic Area: East Bay Region
 TCAC Project Analyst: Sopida Steinwert

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
At or Below 20% AMI: 13	20%
At or Below 30% AMI: 14	25%
At or Below 40% AMI: 6	10%
At or Below 50% AMI: 10	15%
At or Below 60% AMI: 10	15%

Unit Mix

22 1-Bedroom Units
17 2-Bedroom Units
15 3-Bedroom Units
<u>54 Total Units</u>

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
7 1 Bedroom	20%	\$367
6 1 Bedroom	30%	\$489
1 1 Bedroom	30%	\$489
2 1 Bedroom	40%	\$979
3 1 Bedroom	50%	\$1,223
3 1 Bedroom	60%	\$1,468
4 2 Bedrooms	20%	\$440
3 2 Bedrooms	30%	\$587
2 2 Bedrooms	40%	\$1,175
4 2 Bedrooms	50%	\$1,468
3 2 Bedrooms	60%	\$1,762
2 3 Bedrooms	20%	\$509
4 3 Bedrooms	30%	\$678
2 3 Bedrooms	40%	\$1,357
3 3 Bedrooms	50%	\$1,696
4 3 Bedrooms	60%	\$2,036
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$4,165,674
Construction Costs	\$28,966,536
Rehabilitation Costs	\$0
Construction Contingency	\$2,277,158
Relocation	\$0
Architectural/Engineering	\$1,609,400
Const. Interest, Perm. Financing	\$2,418,714
Legal Fees	\$118,000
Reserves	\$1,544,889
Other Costs	\$3,529,121
Developer Fee	\$2,200,000
Commercial Costs	\$0
Total	\$46,829,491

Residential

Construction Cost Per Square Foot:	\$689
Per Unit Cost:	\$867,213
True Cash Per Unit Cost*:	\$867,213

Construction Financing

Source	Amount
Chase Bank	\$27,102,792
City of Fremont	\$5,400,000
Alameda County A1	\$8,452,654
General Partner Equity	\$1,000
Tax Credit Equity	\$2,638,156

Permanent Financing

Source	Amount
City of Fremont	\$5,400,000
Alameda County A1	\$8,452,654
HCD No Place Like Home	\$6,724,277
General Partner Equity	\$1,000
Tax Credit Equity	\$26,251,560
TOTAL	\$46,829,491

*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$21,367,521
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$27,777,778
Applicable Rate:	9.00%
Total Maximum Annual Federal Credit:	\$2,500,000
Total State Credit:	\$5,164,451
Approved Developer Fee (in Project Cost & Eligible Basis):	\$2,200,000
Investor/Consultant:	Community Economics, Inc.
Federal Tax Credit Factor:	\$0.88480
State Tax Credit Factor:	\$0.80000

The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Tie-Breaker Information

First: **Special Needs**
Final: **74.569%**

Significant Information / Additional Conditions: None.
The project has an NPLH capitalized operating subsidy for 20 years that covers 26 of the units.

The proposed project does not include a utility allowance. The owner will pay for all utilities.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency, City of Fremont, has completed a site review of this project and strongly supports this project.

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	10	10	10
General Partner Experience	7	7	7
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ⅓ mile of transit, service every 30 min, 25 units/acre density	7	7	7
Within ½ mile of school grounds/facilities open to public with JUA	3	3	3
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within ¾ mile of a public high school	2	2	2
Special Needs project within ½ mile of facility serving tenant population	3	3	3
Within ½ mile of a pharmacy	2	2	2
Highest or High Resources Area	8	8	8
Service Amenities	10	11	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
SPECIAL NEEDS HOUSING TYPE			
Service Coordinator/Other Services Specialist, min. ratio 1 FTE to 360 bdrms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	5	5	5
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	109	110	109

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.